PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Public Meeting held June 17, 2021

Windstream D&E, Inc. 2021 Annual Price Stability Index / Service Price Index Filing and Supplement No. 24 to Tariff Telephone PA P.U.C. No. 18	**Docket No. R-2021-3025076**
Windstream D&E, Inc. Amended Alternative Regulation and Network Modernization Plan	**Docket No. P-00981430F1000**

STATEMENT OF
VICE CHAIRMAN DAVID W. SWEET

In this year's annual alternative regulation filing, Windstream D&E proposes to increase its monthly residential rates by banking all revenues available in this 2021 filing and drawing the required funds from its banked revenue increases.

Our order acknowledges that the company may bank deferred increases "for a period not to exceed four (4) consecutive years."[1] The point of the bank is that if circumstances are not right for the company to increase rates in this annual revenue filing, it may bank the opportunity and, in the case of a 1-year bank, use it in next year's annual filing. The same applies for a 4-year bank. The company has the opportunity to use a bank deposited in the 2017 filing at any time up to and <u>including in</u> the 2021 filing, the end of 4 consecutive years. If not fully used by the time of the annual filing on the 4th anniversary of its bank, <u>then</u> it must be retired <u>in</u> that filing, but not <u>before</u> having the final opportunity to use it.

My position today has been consistent since my first review of these annual filings in 2017. Any remaining amount of a bank that reaches its 4th anniversary and is not used <u>is</u> retired. It lapses. It is forfeited. At the end of 4 years, you use it or lose it. But a carrier has 4 consecutive years to use it <u>before</u> it is retired. Our order today states exactly that: "The Company will bank the entire $40,639 available in its current filing for future use. …The Company <u>is retiring</u> the remaining unused amount of $50,184 authorized to it under its 2017 PSI/SPI filing in accordance with the banking terms of its Chapter 30 Plan."[2]

Our orders are not clear, however, nor are they correct as applied. While we state that the company <u>is retiring</u> the 2017 bank in the filing, in practice the company's 2017 bank has already been deemed to have lapsed at some prior time. Rather than drawing from the 2017 bank as it should have, and notwithstanding an April 6, 2021 notice of a proposed rate increase that should have effectively preserved the full 4th year, the company in its annual filing identified the 2017

[1] Order at 3.
[2] *Id.* (Emphasis added.)

bank as "forfeited," at some unstated time, "due to [a] 4-year limit" and withdrew the funds from its 2018 bank.[3]

Our rural incumbent local exchange carriers have not implemented all their annual authorized revenue increases. They have, instead, lost millions of dollars in banked revenue opportunities that legitimately have expired because they were not used in the annual filing made on the 4th anniversary of their bank. These companies should not be denied the opportunity to maximize use of deferred revenue increase opportunities they already substantially forego. We approve these companies' use of the 4th year bank to reflect adjustment of their state tax adjustment surcharge in the period between the 3rd and 4th years' anniversaries.[4] I have seen no quantitative or qualitative explanation to justify how, why, or when a 4-year bank is compelled to lapse at some unknown or unidentified date and time <u>before</u> the 4th anniversary of its initial deferral.

While I believe this is the intended and only logical interpretation of a 4-year bank, no company has requested clarification from the Commission of the application of that provision despite having been encouraged to do so. And, as previously stated, in this case the company did not propose to use the 2017 bank in its 2021 filing. For those reasons, I am not dissenting in the order before us. However, I am voting to concur in the result only and approve the proposed rate increases.

Date: June 17, 2021

David W. Sweet
Vice Chairman

[3] Filing Attachment 5.

[4] Order at 4: "The Company used $92,445 of its 2017 PSI/SPI filing banked revenue amount of $142,629 for its 2020 annual State Tax Adjustment Surcharge (STAS) filing[,]" citing Docket No. R-2020-3021468; related STAS filing made August 21,2020, to be effective September 1, 2020, with approval by Secretarial Letter issued November 5, 2020.